

## Seventh CDM Roundtable

# CDM in the post 2012 carbon markets

Bonn, Germany, 20 April 2013



# Content

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1. From Doha with love
2. Revising CDM modalities & procedures
3. Markets – what markets?
4. NMM, FVA, NAMA, GCF...
5. CP1 → CP2 → ADP?
6. A future for CDM?



## From Doha with love: Decision 1/CMP.8

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- Adoption of the second commitment period (2013-2020)
- Sets mitigation commitments for 38 Annex I Parties:

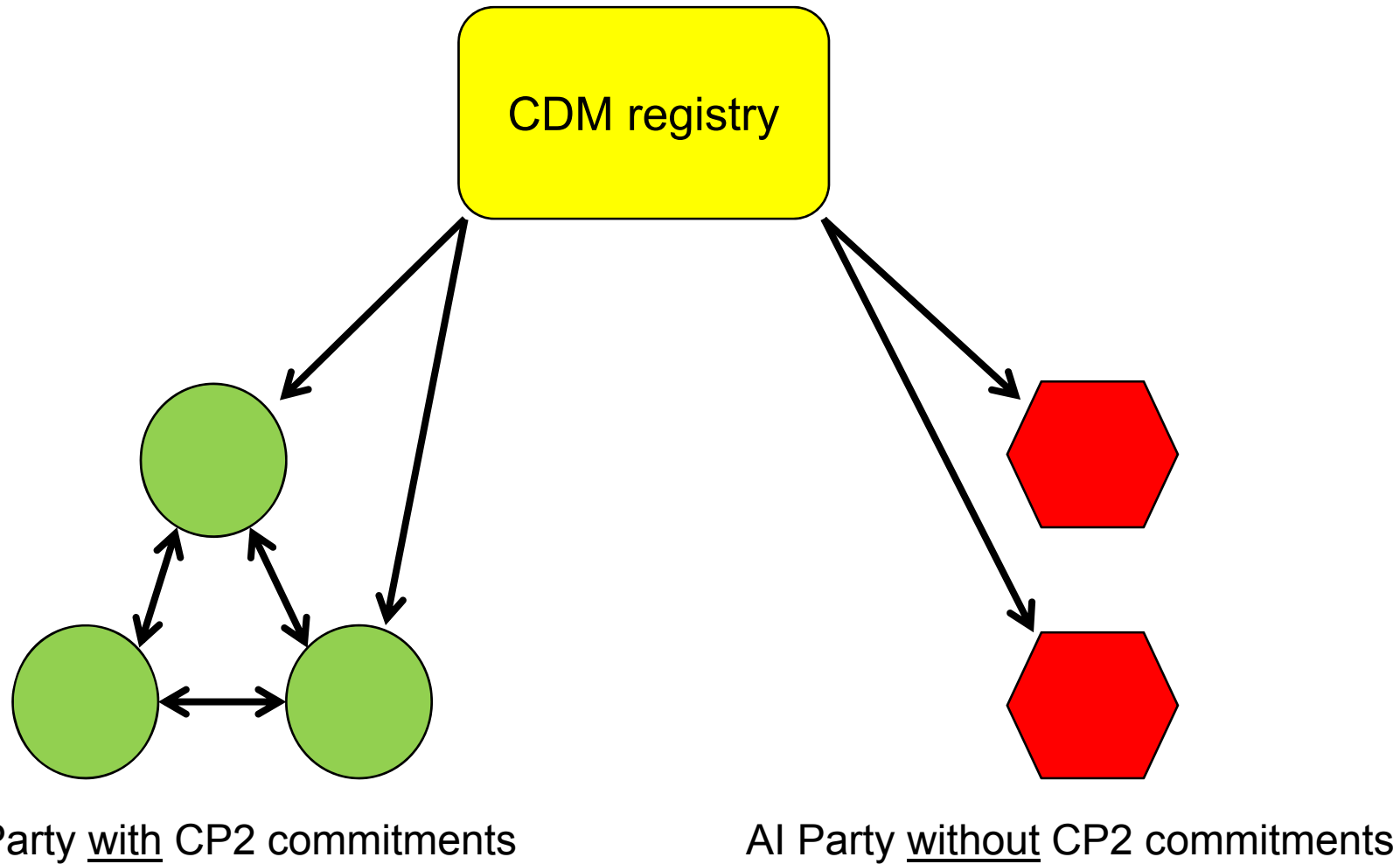
**IN** EU27, Australia, Belarus, Croatia, Iceland, Kazakhstan, Liechtenstein, Monaco, Norway, Switzerland, Ukraine

**OUT** Canada (withdrawn from KP), Japan, New Zealand, Russia

- Requires revisiting of commitments in 2014
- Share of proceeds, commitment period reserve, further streamlining of registration and issuance etc.
- Clarified rules for issuance and use of CP2 CERs



# From Doha with love: Decision 1/CMP.8



## Revising CDM modalities & procedures

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- The first review of the CDM M&P shall be carried out by the CMP at its ninth session.(3/CMP.1).
- The CMP, at its eighth session, agreed on the process leading to this review, including:
  1. Parties' and admitted observer organizations' submissions their views on possible changes to the CDM M&P (by 25 March 2013);
  2. Board's submission of recommendations on possible changes to the CDM M&P, drawing upon the experience gained by the Board, the secretariat and stakeholders (for SBI 38 consideration); 176 → 23
  3. Workshop to facilitate the progress of the review of the CDM M&P (8-9 June)
  4. SBI's preparation of recommendations on possible changes to the CDM M&P (SBI 39, for CMP 9 consideration).



# Markets – what markets?

Price for sCER 2013 (Euros)

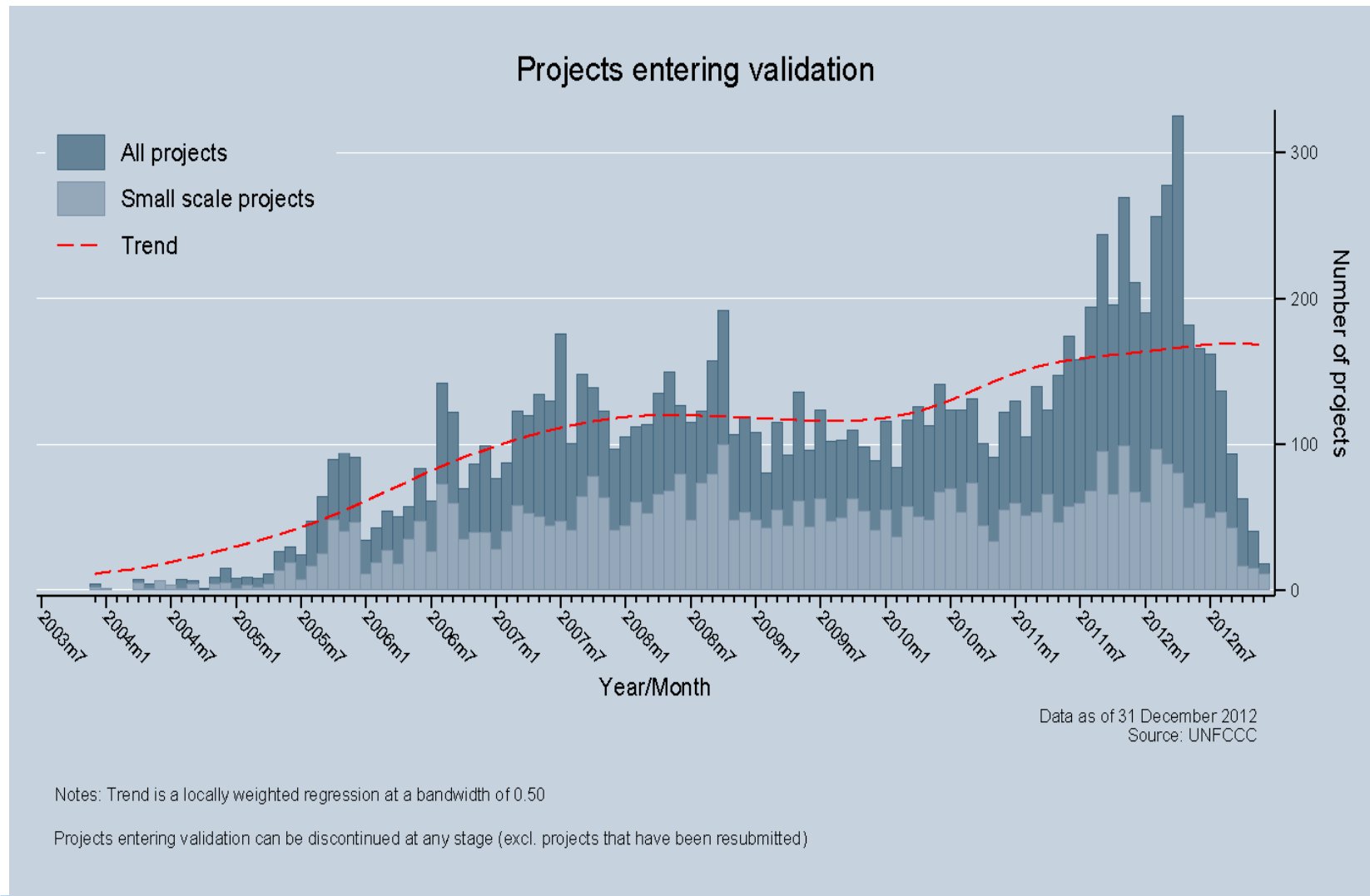


## Causes

- Lack of demand
- Lack of access



# Markets – what markets?



# Markets – what markets?

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- Traditional KP compliance markets
- New markets
- Emerging markets
- New sectors



Getting the  
fundamentals  
right





# NMM, FVA, NAMA, GCF...

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- Emerging understanding that many instruments are representing different sides of the same issue: **Results based financing**
- Market mechanisms CDM, JI and NMM represent different models for how to incentivize and verify emission reductions at lowest price  
→ mitigation & finance & other benefits
- NAMA and GCF represents approaches to identifying and financing mitigation action → Need for means to attract finance and verify mitigation results.



# NMM, FVA, NAMA, GCF...

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- Work programme for a **Framework for Various Approaches**
- Widely understood as an umbrella bringing together mechanisms under (and outside) UNFCCC.
- Work programme under SBSTA to agree on:
  - Purpose
  - Scope
  - How to ensure environmental integrity
  - How to avoid double-counting through accurate and consistent recording and tracking of units
  - Institutional arrangements

# NMM, FVA, NAMA, GCF...

- The **New Market based Mechanism** taking an sectoral or economy wide approach.
- SBSTA work programme on NMM M&P with 12 specific elements for consideration, including:
  - Environmental integrity standards
  - MRV requirements
  - Possibility of project-specific to sector-wide mitigation
  - Crediting and/or trading with “ambitious” reference levels that are established, approved, and periodically adjusted on the basis of criteria including “conservative methods”
  - Accurate and consistent recording and tracking of units
  - Supplementarity
  - Share of proceeds
  - Promotion of sustainable development
  - Effective private-sector participation
  - Prompt start measures



# NMM, FVA, NAMA, GCF...

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## ➤ Obvious complementarities between NAMA and CDM

- ✓ Verification of mitigation
- ✓ Facilitation of results based financing
- ✓ Means to attract private sector climate finance
- ✓ Need for common tracking system

## ➤ ....also shared with GCF

- Within UNFCCC secretariat work is underway to assist parties to explore and clarify relationships between CDM and other emerging tools.
- Will feed into the NAMA partnership, information to chairs and facilitators, updates to EB etc.

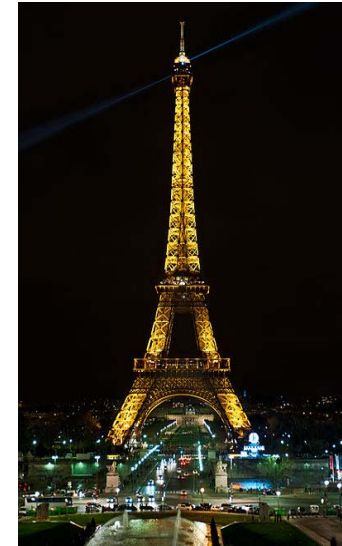


# CP1 → CP2 → ADP?

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## The Durban Platform for Enhanced Action

- ❖ a protocol, another legal instrument or an agreed outcome
  - ❖ with legal force under the Convention
  - ❖ applicable to all Parties
  - ❖ Agreed by 2015
  - ❖ Implemented from 2020
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- Time: From now to 2015, and from 2015 to 2020??
  - Role of markets beyond 2020?
  - Role of CDM in markets beyond 2020?
  
  - Next ADP session from 29 April – 3 May in Bonn  
→ Markets to appear in discussions?



# A future for CDM?



- Traditional use is very likely to continue – at least until 2020 - but at much reduced scale
- Use of CDM in new markets and sectors is possible, but in many cases not until later
- Use of CDM elements to build and inform new mechanisms and tools is likely
- Relation to NMM, FVA, NAMA, GCF etc. is part of larger discussions on the future of market instruments under UNFCCC.
- The key issue is ambition, which is necessary to meet 2 degree goal. **When will it kick in?**



# Thank You!

For more information and access to reports,  
please refer to:

[www.UNFCCC.int](http://www.UNFCCC.int)



**United Nations**  
Climate Change Secretariat